

Bachelor's thesis

Degree programme

International business

2011

Agathe Jaunel

# ENTREPRENEURS WITH NO BUSINESS EDUCATION BUILDING COMPANIES: HOW DO THEY SUCCEED?

Can anyone be an entrepreneur?



TURUN AMMATTIKORKEAKOULU  
TURKU UNIVERSITY OF APPLIED SCIENCES

Agathe Jaunel

## TURUN AMMATTIKORKEAKOULU THESIS

Entrepreneurs are a major actor in the economy, they risk money and time to reach different goals and results. Not anyone can be an entrepreneur, they have special personality characteristics, in general they are different than other people. Entrepreneurs are willing to take risks, to work hard, to lead, they are innovative and stand for their ideas and beliefs. There are different reasons to start a company such as earning more money, capitalize on an idea, make a living from a passion, conciliate personal and professional life, take up a challenge... In this study, the case is about entrepreneurs with no business education meaning that they have never had any training or courses about business basics such as marketing, accounting... Success is the achievement of a goal previously settled or not. Even if the first coming to mind is profitability, there are many criteria to measure success, for example, owner satisfaction, customer satisfaction, growth of the business in general... The definition of the entrepreneur and of success and the criteria on which it is possible success can be different depending on the person judging, measuring or researching on the concept.

### KEYWORDS:

Entrepreneur, Entrepreneurship, Entrepreneurial mind, Success, Business creation, Measuring success, Company creation

# **CONTENTS**

<b>LIST OF APPENDICES</b>	<b>4</b>
<b>FIGURES</b>	<b>4</b>
<b>TABLES</b>	<b>4</b>
<b>LIST OF ABBREVIATIONS</b>	<b>4</b>
<b>1 INTRODUCTION</b>	<b>5</b>
1.1 Background	5
1.2 Personal Background	7
1.3 Aim of the study	7
1.4 Study structure	8
<b>2 LITERATURE REVIEW</b>	<b>9</b>
2.1 The concept of entrepreneur	9
2.1.1 Definition of entrepreneur	9
2.1.2 Existence of an entrepreneurial personality	11
2.1.3 Characteristics of the entrepreneurial personality	14
2.1.4 Entrepreneur's motivations	17
2.1.5 No business education	19
2.2 The concept of Success	20
2.2.1 Definition of success	20
2.2.2 Measuring success	21
<b>3 METHODOLOGY</b>	<b>25</b>
3.1 Data collection method	25
3.2 Case selection criteria	26
3.3 Data analysis	26
3.4 Reliability of the data	27
<b>4 EMPIRICAL DATA</b>	<b>28</b>
4.1 Data collected	28
4.1.1 Case 1: "Tous et Chacun"	28
4.1.2 Case 2: Private practice of a visiting nurse	29
4.2 Cross-case analysis	31
<b>5 CONCLUSION</b>	<b>36</b>
<b>SOURCE MATERIAL</b>	<b>40</b>
<b>APPENDICES</b>	<b>42</b>

## LIST OF APPENDICES

## Appendix 1: The interview in English

## Appendix 2: The interview in French

## FIGURES

Figure 1: Strong Entrepreneurial Personal Characteristics and Behavior  
(Carsrud, Brännback, 2007, 15)

## TABLES

Table 1: Measurement criteria of success in a business.

Table 2: Cross-case analysis of the interviews led for the research.

## LIST OF ABBREVIATIONS

EU European Union

SME Small and Medium sized Enterprise

# 1 INTRODUCTION

## 1.1 Background

Bill Gates, Microsoft, 55 years old, \$56B in 36 years.

Larry Ellison, Oracle, 66 years old, \$39.5B in 34 years.

Amancio Ortega, Zara, 74 years old, \$31B in 36 years.

Larry Page and Sergey Brin, Google, both 37, both \$19.8B in 13 years.

Marc Zuckerberg, Facebook, 26 years old, \$13.5B in 7 years.

(Forbes, 03/09/2011)

They are all entrepreneurs who started their own company from an idea and are now billionaires and the amounts are constantly growing. Behind almost every company there is always a person, an entrepreneur, who started all from nothing.

According to a study called *Entrepreneurship in the EU and beyond* led in December 2009 in the 27 member states of the European Union, 12% of EU citizens (respondents aged 15 and over) were involved in an entrepreneurial activity, either taking the necessary steps to start up a business, running a new business or running an established business. (Eurobarometer, 2009) It means that more than 1 over 10 EU citizens over 15 years is involved in an entrepreneurial activity.

According to the *Oxford-English Dictionary*, the word “entrepreneur” appeared in 1828. (Burkett, 2006) Since then, many have given a definition for this word but they still do not agree on its exact meaning. According to [www.quickmba.com](http://www.quickmba.com), a website giving knowledge to business people, an entrepreneur is, on one extreme of meanings, “a person of very high aptitude who pioneers change, possessing characteristics found in only a very small

fraction of the population. On the other extreme of definitions, anyone who wants to work for him or herself is considered to be an entrepreneur.”

As a more simple explanation, the Merriam-Webster dictionary defines entrepreneur as “one who organizes, manages, and assumes the risks of a business or enterprise.” Most of the researchers agree that an entrepreneur is a leader taking risks and responsibilities. The study will try to isolate the characteristics of the entrepreneur.

“Up to 90% of entrepreneurs fail within two years of startup” (Pal Singh, Alam, 2011) It means that succeeding in entrepreneurship is hard. But what is meant by success? According to the *Oxford Dictionaries*, success is “the accomplishment of an aim or purpose”.

In the case of the study, we are dealing with business success, the success of the company. The success of a company is a subjective concept, it depends a lot on one’s personal opinion, on the external environment... There are also many ways to measure it. The study will try to identify these ways. The aspect of success considered in the study will be the success of the business, in opposition with the personal success of the entrepreneur.

According to the official website of the European Commission, to be a SME, an enterprise must have less than 250 workers, including the entrepreneur and all employees. The firm must also have a maximum turnover of €50 million or a total balance sheet of a maximum of €43 million.

According to the statistics available on the official website of the European Commission, in the EU of the 27, there are 20.7 million SMEs, this represents 99.8% of the total number of enterprises in the union.

In France, there are 2.4 million SMEs. The micro enterprises (less than 10 workers) represent 91.8% of all the French enterprises, the percentage is the same among Finnish enterprises. In Finland, there are 214,000 SMEs. They represent the same percentage of the total number of enterprise as in France that is to say 99.8%.

The SMEs and more particularly the micro enterprises are essential for the economy. They are also very important for the employment as the SMEs employ around 90 million people in the EU of the 27. (Data for 2009) (Kwaak, 2010) In newspapers, researches or even in courses, the companies studied and used as examples are large companies but they represent only 0.2% of all the companies based in the EU. They are used because their names are very well known and their strategies are famous but the SMEs are more important for the economy.

## **1.2 Personal Background**

Ending high school, I wanted to study both psychology and business. Until I discovered that there is a lot of psychology in business. Every time I read the history of a company, I get interested in the person who began it, how he or she did it.

## **1.3 Aim of the study**

During this study, I will try to understand who is the entrepreneur, what challenges to face when starting a business with no business experience, what is needed to achieve success and how it is possible to state that success is achieved.

The research questions of this study are:

- Can anyone be an entrepreneur or is there a characteristic “entrepreneurial personality”?
- What are the challenges of business success?
- What to do or avoid to achieve success?

## **1.4 Study structure**

In the second chapter, I will lead a literature review about the concepts entrepreneur and success. A description of the specific field pointed in the next chapter of the study will follow.

The third chapter will present the data collection method and the case selection criteria.

The fourth chapter will present the empirical data collected for the study.

The fifth chapter will analyse the collected data.

The sixth chapter will conclude with the study.



## 2 LITERATURE REVIEW

### 2.1 The concept of entrepreneur

#### 2.1.1 Definition of entrepreneur

As it has been said in the introduction, many people have written different theories about the entrepreneur. Let's have a look at the simple definition: "one who organizes, manages, and assumes the risks of a business or enterprise."

The entrepreneur is the person who starts a business, taking the responsibility of the risks related to this launching and the operation of the business. The entrepreneur is the one managing the enterprise, its strategy, its employees... The entrepreneur must be rewarded for the risks he takes just as well as anyone taking risks is compensated. This reward is the profit that the business he launched releases. Unfortunately, in most of the cases, it takes a lot of time to the business to release profit. (Casson, 2003, 12)

In their book *Entrepreneurship* Alan Carsrud and Malin Brännback remind that Joseph Schumpeter defines entrepreneurship as innovation. "Entrepreneurs are those who carry out new combinations." From this definition, they deduct five different forms that innovations can take

- A new product or service or a new version of product or service,
- A new production strategy, that does not need to be founded upon scientific discovery,
- Opening of a new market, a market that no firm has ever, whether or not this market has just appeared,
- A new source of supply of raw materials, whether this source already exists or not,
- The accomplishment of a new organization. (Carsrud and Brännback, 2007, 7)

These five different forms of innovation are five different reasons or bases for an entrepreneur to create a company.

Among all the disagreements of the researchers about entrepreneurs, one major concept that the researchers agree on is that entrepreneurship is essential for the economy of a country, a region or the individual. (Carsrud and Brännback, 2007, 5) Entrepreneurship is about creating companies and these companies create value, profit, employment ...

There exists two different ways and views to define entrepreneurship. The first one is as “an economic function” implying that the entrepreneur is an economic entity or actor. The approach is more functional, focusing on the importance of the entrepreneurship in the economy. As an example, the concept of the invisible hand of Adam Smith may cause problems which would need solutions and probably innovative solutions to solve these problems. The entrepreneur is here the actor who finds the solutions and the innovations in response to the needs. The second definition sees the entrepreneur as “a set of individual traits.” This approach is closer to the usual concept of the entrepreneur as a personality and a way of being with special characteristics. (Goossen, 2007, 15)

Another definition of the entrepreneur explains that it is someone with different judgment from others. It implies that the entrepreneur is necessary to firms and people. He is convinced that without him, the workers, the managers of a firm would take bad decisions. (Casson, 2003, 34) An entrepreneur has to have a “self-inspired behavior” in order to boost himself, his employees and his partners. (Goossen, 2007, 51) The entrepreneur is an inspiration and guide for the people working with him. Although, most of the time, they start their business alone and many of them don’t hire at the very beginning.

Entrepreneurship can be compared to the fact of having children as the idea comes in a moment of enthusiasm and the concretization of it requires years and years of work, ideas and facing problems to create and maintain a successful business. (Goossen, 2007, 140)

An entrepreneur is someone who starts his own company from the very beginning, taking care of everything: innovation, risks implied, management, financing of the capitals, marketing, facing problems and finding solutions...

Entrepreneurs are very important actors of the economy and the society because they are the origin of every firm, they create employment, value and profit.

### **2.1.2 Existence of an entrepreneurial personality**

More and more courses and trainings about entrepreneurship are appearing. But one of the most important debates between the experts on the subject is: is it teachable to be an entrepreneur or not?

The first given answer is, entrepreneurship is not teachable.

Stating 'I can teach someone to be an entrepreneur,' is considered as an oxymoron. The entrepreneur is not born out of a textbook, it is a spirit and an attitude. One can attend all the courses he wants, read all the books he wants or get all the degrees he wants, if this person doesn't have the entrepreneur traits inside, he will not be able or at least he will not feel comfortable to take the risks required to take as an entrepreneur in the business creation. (Hall, 2001, 23) In this answer, the missing part is someone that is not meant to be an entrepreneur is the ability to take risks.

It is not possible to teach someone to be a great piano player or a great painter or writer, it is only possible to teach painting, piano or writing techniques but if this person does not have this little thing making him or her great in the field, the

person will not be a great piano player, a great painter or a great writer. The Reasoning by the same token, it is possible to teach someone entrepreneurship techniques and business basics but if this person does not have the thing that would make him a great entrepreneur, this person will not be able to succeed as an entrepreneur. (Hall, 2001, 23) In this way of reasoning, the missing part would be the special thing that makes the difference between good and great.

One can not be taught to be a leader, it is a characteristic that he or she has. Entrepreneurs have to have good leading skills in order to follow their business in each of its steps, creation, growth, problems... Entrepreneurship is no something that can be taught. (Goossen, 2007, 13) In this definition, the part that someone who is not meant to be an entrepreneur misses is the leading skills.

Several experts give a different reason to the impossibility of entrepreneurship to be taught, the importance of experience. They also explain how experience is acquired.

Experience is acquired making mistakes. No matter how many books one reads, it cannot replace the fact of making mistakes. The mistakes someone makes, the solutions found to solve the problems resulting from these mistakes help this person to avoid the mistakes that can appear in the future. (Goossen, 2007, 13)

Experience is also practice. Entrepreneurship is situated between science and art just as practice is situated between them. This is why entrepreneurship is practice in a way that focusing on the market and the reality of the business world. (Goossen, 2007, 17) Practice is a very important step in the entrepreneur's experience and evolution. The entrepreneur must take advantage of practice in order to develop different skills from which he or she would benefit in their business running process. This type of practice is the

experience of the business world, and the external environment they are dealing with. (Goossen, 2007, 19)

A second answer to the question is that some parts of being an entrepreneur can be taught.

Some entrepreneurship parts can be taught in order to improve skills. For example, innovation can be taught, on subjects such as how to understand or pursue it. (Goossen, 2007, 14)

Some researchers stated that many of entrepreneurs characteristics are acquirable. Although, an entrepreneur can take advantage of certain traits. These traits are acquirable and can be developed. But the entrepreneur personality does not exist. Entrepreneurs must be considered through what they do and how they lead their business, not through their personality traits. (Goossen, 2007, 16)

*The Entrepreneur Magazine* posted on October 2006 an article beginning with “now that you know you can learn to be an entrepreneur”, this article’s subject is the annual ranking of entrepreneurship programs. Among the 2010 ranking, we can find famous high valued universities as Stanford, and also a lot of state universities. (Torres, 2006)

The most defended point is that has to be born entrepreneur or at least he has to have grown as an entrepreneur, the core competences and characteristics cannot be learnt. Although, every entrepreneur could benefit from a training and advices from experts and people who went through the business creation before them. Experience and practice are also very helpful. Schools are asking for a lot of money from people who want to be taught how to be an entrepreneur, but it would be better for them to learn business basics as marketing, finance, accounting, administration... This is why a business education is helpful.

One aspect is certain, practice make the entrepreneur better and wiser. When he or she makes a mistake and pays the repercussions, he will remember and will not make that mistake again.

### **2.1.3 Characteristics of the entrepreneurial personality**

If entrepreneurs have characteristics that cannot be acquired, what are they?

Many theories about the characteristics making someone an entrepreneur give their opinion on the question.

The first characteristics of the entrepreneur is being different. Being different in the way that the entrepreneur perceives the situations and the fact in a different way than other people. This difference makes the entrepreneur unique. (Casson, 2003, 14) Entrepreneurs has a different view on the world around them, they have a different perception of the future, of the oportunities than non-entrepreneurs. Maybe it is because they look at it through glasses. These figurative glasses are in reality an ability to perceive and analyse things that non-entrepreneurs do not have. It is mainly the case with "entrepreneurial things." (Carsrud, Brännback, 2009, 3, 6)

In a study led in the 27 EU member states called *Entrepreneurship in the EU and beyond*, the respondents who had once started up a business or were currently taking steps to startup a business during the study majorly agreed with the following statements:

- My life is determined by my own action, not by others or by chance. The entrepreneur keeps control on his or her own life just the same way he or she keeps control on the business created.
- If I see something I do not like, I change it. The entrepreneur is not afraid of change and being the one to provoke them.
- Generally, when facing difficult tasks, I am certain that I will accomplish them. The entrepreneur is self-confident. He is not afraid to face difficulties.

- I am an inventive person who has ideas. Entrepreneurs are innovative.
- The possibility of being rejected by others for standing up for my decisions would not stop me. The entrepreneur is self-confident and does not pay attention to others' opinion.
- I am optimistic about my future. The entrepreneur is optimistic and confident in the future.
- In general, I am willing to take risks. Entrepreneurs are risks takers.
- I like situations in which I compete with others. The entrepreneur likes competition.

The results have been compared with the ones of people who have never experienced any entrepreneurial activity. It shows that the respondents with entrepreneurial activity experience tend to agree more often to those statements. (The Gallup Organization, 2009)

The history of the entrepreneur has is related to his or her personality. Some of the most important entrepreneur characteristics are not possible to teach such: the experiences lived during the childhood, the determination and motivation, the need to show the accomplishment (Goossen, 2007, 14) This theory implies that if someone was not born entrepreneur, he or she still can become one, depending on the childhood, and the experiences lived, the things learnt at school.

The entrepreneur has a strong self-confidence, it helps to keep confidence in his or her project without taking in account what others say. The entrepreneur also benefits of having a strong attention for details, he or she sometimes sees opportunities or aspects that can be improved upon when others do not. An entrepreneur must be able to accept the fact that the future is uncertain in a lot of case. (Goossen, 2007, 61-62) Entrepreneurs do not think about risks when they create and lead their business. If they worried about it, they would not take risks so they don't think about failure. (Goossen, 2007, 117)

Many of successful entrepreneurs are from minority groups of society. They found a way to achieve social advancement with the resources they had and their personality strengths. (Casson, 2003, 11) Entrepreneurs are usually interested in art. They have the ability to project things, they are visionaries, and they have a lot of imagination as they innovate a lot. Also, in most of the cases, true entrepreneurs do not like to be the center of the attention. In the opposite, MBA students usually like being the center of the attention. (Mintzberg, 2004, 131)



Figure 1: Strong Entrepreneurial Personal Characteristics and Behavior  
(Carsrud, Brännback, 2007, 15)

Entrepreneurs have a desire to learn new and different things as it can give ideas for innovations. They must be cooperative and team players, at some point, they have to lead teams. They also listen to people, people can help transmitting their experience. Entrepreneurs have a strong self-efficacy. In most of the cases, they start their businesses alone although, many entrepreneurs start businesses with associates. They are hard workers, starting a business requires a lot of hard work. Entrepreneurs have good trainer skills, at the



beginning of their business, they need the employees to be as motivated as they are. They are visionaries regarding the innovation they usually bring to their business. They have good goal setting skills to keep focus when the times get hard or only to know what they have to achieve.

This figure summarizes well the personal characteristics of the typical entrepreneur. Although, there is one disputable point, “not a risk-taker” is not in accordance with the concepts seen before. Starting a business means risking money, ideas, time. Thus, the entrepreneur must be a risk taker.

#### **2.1.4 Entrepreneur’s motivations**

The essential skill of the entrepreneur is “the ability to make something or provide a service that the world needs and will pay for.” (Goossen, 2007, 55) When someone actually make that thing or provide this service that the world needs and will pay for, he must create a company and sell it, this is how someone becoming an entrepreneur.

In their study called *The anatomy of an entrepreneur*, the authors led a survey among entrepreneurs. The respondents gave different answers to the question about their motivation(s) to create a new business:

- Wanted to build health
- Wanted to capitalize on a business idea I had
- Startup company culture appealed to me
- Have always wanted my own company
- Working for someone else did not appeal to me

And, as less important factors:

- Inability to find traditional employment
- Co-founder encouraged me to become a partner and start our company

- Developed a technology in a laboratory environment and wanted to see it make an impact
- An entrepreneurial friend or family member was a role model. (Wadhwa, Aggarwal, Holly, Salkever, 2009, 13-15)

A study named “Profile of the successful entrepreneur” led among entrepreneurs who started a business recently asked its respondents the reason why they started their business. Here are the answers given by more than 20% of the respondents:

- Be my own boss
- Earn more money
- Look for a new challenge
- Avoid unemployment
- Conciliate professional and personal life
- Make a living from my passion
- Satisfaction in my work
- Idea of a new product/service
- Only possibility of practice my job
- Family way (Schrör, 2006, 5)

The reasons to start a business, given by the entrepreneurs are various but, among different studies they are redundant. The more given are *being my own boss*, many entrepreneurs decide to create their own company in order to be their own boss, being under someone else’s authority is not suitable for them. *Capitalize on one idea I had*, one of the reasons to start his or her own company to an entrepreneur is when they have an idea of an innovation and they want to bet on it, starting their own business, using or selling this innovation. *Earn more money*, some entrepreneurs started their own companies because their previous jobs were not satisfactory enough in terms of salary or advancement. *Avoid unemployment*, an alternative to unemployment is to start a business.

### 2.1.5 No business education

There are two different categories of knowledge: the first category is the knowledge taught by someone through courses or someone telling his story, his experience.

In the entrepreneurship field, in this first category, there is general business knowledge. This knowledge is what an entrepreneur should learn at school, the basics, for example, marketing, law, human resources, finances... In this category, there is also general entrepreneurship knowledge. The entrepreneur must acquire knowledge about how to start a business, for example the forms to fill and all the administrative process to officially register the firm.

The second category of knowledge is the one that should be learnt through experience. In this category, the knowledge is acquired through practice. For example, the entrepreneur must practice the marketplace to know how to deal with it and to get used to work with it. Also, this type of knowledge can be acquired through entrepreneurs practices such as recognizing opportunities and exploit them in a business. (Goossen, 2007, 175)

According to a study called *Profile of the successful entrepreneur* led in 15 countries of the EU, in most of the cases, entrepreneurs with no education in business have more difficulties in starting their business than the ones with business education and experience. Also, the profitability of the enterprises created by entrepreneurs with business education and experience is higher than the profitability of enterprises created by entrepreneurs with no business education. (Schrör, 2006)

In this case, the research focuses on entrepreneurs with no business education. It means that the entrepreneur has never had the first category of knowledge explained above, he or she has never had any course or training about anything

related to business, this includes marketing, finances, accounting, management, entrepreneurship...

## **2.2 The concept of Success**

### **2.2.1 Definition of success**

Success is a major issue in the field of business. When talking about a company, one of the first things asked is if it is successful. But what exactly is success?

According to the website *BusinessDictionary.com*, success is "the achievement of an action within a specified period of time or within a specified parameter. Success can also mean completing an objective or reaching goal." (BusinessDictionary.com)

In many studies, growth has been associated to success. Many researchers consider growth as a sort of success in business, and specifically in entrepreneurship field. (Davidson, Steffens, Fitzsimmons, 2009) Then, what is growth for a business? According to *OxfordDictionaries.com*, growth is "the process of increasing in amount, value, or importance." Thus, growth in business can be a growth of profit, sales, clients database, number of employees, ...

Growth is also often associated to profitability. Profitability is a requirement to achieve growth. Sufficient levels of profitability have to be reached in order to start the process of achieving growth. (Davidson, Steffens, Fitzsimmons, 2009)

Before achieving growth, a company has to achieve higher profitability. A firm cannot achieve growth if the profitability levels are not high enough, at least, in most of the cases. Although, some companies achieve growth with low

profitability levels. On the opposite, a company usually cannot achieve high profitability levels as a result of its growth. (Davidson, Steffens, Fitzsimmons, 2009) In small companies, the entrepreneur is an important actor of success. As he is the person who takes the decisions. The entrepreneur's personality is related to the success of his firm, measured with its growth and profitability. (Casson, 2003, 11)

One can wonder if the measurement system of success differs among world regions. In a same culture, two entrepreneurs can achieve success in different ways. But the success process does not differ very much between countries and cultures. (Goossen, 2007, 47) If a firm is considered as successful in a country, it will be considered successful everywhere.

Success is not that easy to achieve, problems may appear during the process. But it will be achieved in spite of these problems. The entrepreneur must be therefore even prouder of the success of his firm. (Goossen, 2007, 17)

If success is about achieving goals or actions, in the field of business, which are these goals?

### **2.2.2 Measuring success**

The measuring system for success differs a lot depending on the person measuring. The managers usually measure success in terms of growth of their market share, high profitability of the company, growth of the firm through opportunities exploited. Success can also be measured in terms of employees advancement in the company, or the growth of the personal experience of these employees. This evolution can be also respect of clients, better knowledge of the marketplace or of the techniques used in the industry. (Pongsiri, 2011)

The entrepreneur's life and mind are an issue in success. In a lot of studies, the personal success of the entrepreneur and the success of his business are related and confused sometimes. The success of the firm depend also on the life organisation of the entrepreneur, his family, his community, the external environment and also his job as sometimes, entrepreneurs start their own company while they are still working for another company. (Goossen, 2007, 151) Success is not all about always doing more but also doing better, in a better way. The challenge is to achieve enduring success. That is why, sometimes it is better to go one step behind in order to go two steps forward. In this case, the visionary characteristic of the entrepreneur is very useful. (Goossen, 2007, 150)

The entrepreneur's success is linked to the success of the enterprise he created. The website [surepayroll.com](http://surepayroll.com) proposes five ways to measure success in a small business:

- Profit, it is the first thing people think in business success. The general idea is to consider that a business is doing well when its profits are high. Profitability is measured calculating what is left from the money earned but the firm when the expenses are subtracted. There must be other aspects to consider in order to characterize a business as successful. Although, if the company is not profitable, the chances of being successful are very low.
- A growing customer base must be a sign that the company is getting more customers and that the sales are increasing. Having only few customers is a dangerous strategy for the company because if one contract is broken, the sales will suffer strongly. To ensure long-term success, the company must ensure growing or, at least, stable sales. As the market is constantly changing, the firm should constantly look for more customers.

- Customer satisfaction is a major issue in business. It gives an indication of the reputation of the firm. If the customer is satisfied, he can lead other customers to get interested in doing business with the company. To have a good customer satisfaction, the company has to be careful on the quality of the goods, the prices, and the evolution of their needs. The attention turned on customers by the firm is very important to keep an eye on these criteria.
- Employee satisfaction is an important issue for a business. If the employees are satisfied of their company, they work harder and do not hesitate to get implicated in the company. That is why the company environment for the employees has to be developed and optimized. Employees are also what the customer sees the most of the company.
- Owner satisfaction, the first person that should be satisfied with a business is the owner. If he is not happy, then the employees cannot be satisfied and the customers cannot be satisfied either. Thus, the owner satisfaction is a major criterion to measure the success of a business. (www.payroll.com, 2011)

The following chart gathers the different measurement criteria for an enterprise success identified above.

Profitability
Employee satisfaction
Customer satisfaction
Owner satisfaction
Growing customer base
Number of employees
Growing market share
Growth of the firm in general
Employee evolution

Table 1: Measurement criteria of success in a business.



### 3 METHODOLOGY

#### 3.1 Data collection method

To control if the conclusions found in the theoretical part can be verified in reality, I choose to do interviews. I opted for the quantitative method. In my opinion, this is the most relevant method to add value to the research, as the main concepts are quite subjective and most of the researchers agree that one of the most important sources of knowledge is the experience. That is why, I choose to ask people to share their experience in order to understand the subject and learn more about it with an internal and different point of view. The questionnaire was built on the same structure as the literature review (see questionnaires as appendices 1 and 2). The questionnaire is majorly composed of open questions allowing the interviewee to give his opinion, although, one of them is a multiple choice question linked with the findings of the theoretical findings. At the beginning of the interview, a definition of “entrepreneur” has been reminded to clarify the concept. Two interviews will be led for the research.

In the first case, the interview led is a semi-structured interview. A semi-structure interview is an interview for which a questionnaire has been prepared but the interviewer is ready to vary the questions and ask new ones in case it is relevant. I choose this type of interview because the purpose of this data collection is to verify the exactitude of the theoretical part but also to gather more data. This interview was conducted through emails because the interviewee is in another country, it was the most suitable way for both the interviewee and the interviewer. An email interview is an exchange of emails between the interviewer and the interviewee. The questions must be asked in different emails, in order to reproduce in the closest way, a face-to-face interview. The data gathered has been recorded thanks to the history part of the mail box.

In the second case, the interview was made in a face-to-face way. I typed the answers on my computer while the interviewee was answering. The interview is a semi-structured interview, all the information wanted was given. (Saunders, Lewis, Thornhill, 2009, 320, 591, 601)

Two of the most important concerns about semi-structured interviews are interviewer bias and interviewee bias. The first one is quite unavoidable even if the interviewer takes special care of being the most objective possible. The second concern does not apply in this case because the interviewee opinion is what the research is about.

### **3.2 Case selection criteria**

I choose to interview entrepreneurs who started companies that are today a SME, because I think that when the company gets bigger, there is a distance installing between the entrepreneur and his business. With a SME, the entrepreneur has a global view of his business and can explain all its aspects. As it was explained in the first part, a SME is a business with less than 250 employees and with a maximum turnover of €50 million or a maximum total balance sheet of €43 million.

The entrepreneurs interviewed have not received any business education of any type. Their companies must be based in one of the 27 countries of the EU. The companies must also still be operating.

### **3.3 Data analysis**

In order to analyse the collected data, the interviews will be first transcribed in a narrative way. The narrative analysis of a qualitative data help to keep the value of the collected data, in opposition with the fragmentation of the data which implies to cut the data collected in units and analyse them as such. (Saunders, Lewis, Thornhill, 2009, 497, 596) After this step, the data of both of the interviews will be compared in a cross case analysis. The cross-case analysis will compare both answers of the interviewees for each question asked. The

enterprises situation and details such as the creation date, the number of employees, the activity, will also be compared in order to understand the differences between the two cases. The results gathered will be compared to the theoretical findings. This cross-case analysis will be made through a table and conclusions will follow it.

### **3.4 Reliability of the data**

The Reliability of the data is an important issue of the research. The first point is that the data collected may be true in the case but it does not mean that the results repeat the reality for every case. The research subject is quite subjective in the way that the information really depends on the vision and the perception of people. The theoretical part shows that the concept of entrepreneur is first to be different and have a different view of the world. At least, the chosen cases are very different in the industry and the culture of their geographical regions. Thus, they will give two different views on entrepreneurship. Moreover, in this study, the goals of the interviews are to verify if the theoretical conclusions are verifiable in the reality, it is possible to achieve with only two examples. The second goal is to get an internal point of view on the subject, and the two interviews are suitable for that. (Saunders, Lewis, Thornhill, 2009, 327-328)

## 4 EMPIRICAL DATA

### 4.1 Data collected

#### 4.1.1 Case 1: “Tous et Chacun”

The interview for the first case was led through emails between the 8<sup>th</sup> and the 13<sup>th</sup> of April.

The company “Tous et Chacun” was created on the 05/09/2010, its major activities are hand dressmaking and decoration, it is based in France. Its creator works alone. She likes things and people that are different, people not afraid of being different. She has her own ideas and never hesitates to stand for them, no matter the judgment of people around. She has not started her business before because she has four children, she could not risk money at that time. Before creating her business, she was a teacher in specialized classes or in nursery school, thanks to these past jobs, she has a status of early retirement. Even with this status, she decided to work again, she started to look for a job, which was really hard in her region at her age, she found a job in a house for mentally handicapped people. But she wanted to work in a more creative and autonomous way and to answer to personalized demand, this is what she always wanted but never dared to try.

The starting point was the acquisition of a high performance second hand sewing machine, giving a hope to get set up. Then, she started to entirely redecorate and furnish the room where she could set up her business, a room in her house. Although, she did not ask her family’s opinion, even if it was in the family house. A friend, accountant, gracefully and efficiently helped her to go through the administrative procedure to register her business. Her daughter created, with guiding lines, a logo for the company and helped her as a secretary for the online registration. She did not have major troubles during the creation of her business.

She considers her business as successful even if the company did not make a lot of profit for now. She is happy that she took the plunge and stays confident in her business even if she is currently facing a hard time as her sewing machine broke down and she had to replace it, it cost a lot of money and a month without working. Among the criteria proposed to measure the success of her business, she picked “customer satisfaction” and “owner satisfaction”. For the “customer satisfaction” criteria, she explains that customers appreciate the personalized and proximity service and also the financial arrangement “I know the customer, I adapt my products to them and their budget.” But she thinks that it is quite soon to qualify her business as successful or not.

She does not think that everyone can be an entrepreneur. “I think that a technical competence is the fundamental base but if there is no human base, it must be hard.” As an advice for someone starting his own company with no business education, she thinks that he must find the right person who helps and guide, a person that she has not found but she is sure that this is going to be the case soon. She is not sure that her business creation would have been different with a business education “I have convictions and ideologies that make that I am not making money for money, I would like to earn more with my business to be more autonomous, give more to my children and not counting everything as I do now.” But she does not consider money as her first goal. Although, she thinks that it would have helped her to have some basics in marketing, finance and/or administration.

#### **4.1.2 Case 2: Private practice of a visiting nurse**

The interview of the second case was led on the 26<sup>th</sup> of May in a face-to-face way.

The second entrepreneur interviewed created her business in March 1986. It is a nursery private practice based in France. She is a self-employed visiting nurse, working alone. Before starting her business, she was an employed nurse in a public hospital for two years, it was right after she got her diploma. But, she wanted more time and availability for her children. For that matter, she needed to personally manage her working time. Also, she wanted not to work in a hospital. The private practice was the best solution.

For the creation, she first had to request the regional social services department to validate her diploma. Then, she made contact with the local medical services, nurses, doctors, drugstore... After that, she registered to the social security office and the pension fund. To start her customer base, she published advertising inserts in the local newspaper. She did not have any major problem during the creation of her business.

She considers her business as successful on different points. The first criterion is the profit, the business has made a profit each year since its creation. The second success criterion is customer satisfaction, people are satisfied with the service they receive, if they were not, they would call someone else to come. Another success point is the owner satisfaction, the owner is happy with her current status. The last criterion to judge if the business is successful or not is the general growth of the business.

Each year, the management center sends a comparative chart between the practice results of the year and the average results in the region and the country. This is a good way to know if the practice is doing well or not. She personally thinks that not anybody can be an entrepreneur. There are necessary characteristics to have. To be an entrepreneur, one needs not to be afraid of working hard, to be available, to have a business mind, to dare and, in most of the cases, to have a good idea or even good ideas.

The advices that she would give to someone starting his own business would be to contact the chamber of commerce and follow the trainings that they offer. She thinks that she would have benefited from a training in accounting because she has to do it all by herself. Although, the management center accountants verify the accounting documents.

## **4.2 Cross-case analysis**

Table 2: Cross-case analysis of the interviews led for the research.

Question	Case "Tous et Chacun"	Case Private practice of a visiting nurse
Present your company	Created 05/09/2010, only the owner, dressmaking and decoration	Created March 1986, only the owner, visiting nurse
What were you doing before starting your business?	Teacher, house for mentally handicapped people	Nurse in a private hospital
Why did you decide to start your business?	Autonomy, avoid unemployment, make a business from my passion	Time for the children, self time management, no hospital anymore
What were the steps of the creation?	Get a place, machine, logo and administrative process	Register to regional social services department, contact with local medical services, register to social security office and pension fund, advertisement in local newspaper



Do you consider your business as successful, criteria on which you think your business is successful?	Yes, although it is quite soon. Customer satisfaction and owner satisfaction	Yes, profitability, customer satisfaction, owner satisfaction, growth of the firm in general
Do you think that anybody can be an entrepreneur or not?	No, need a technical competence and a "human base"	No, need not to be afraid of working, be available, have a business mind, dare and have a good idea
Advice for someone starting his own company with no business education?	Find a person to be your guide and helper	Contact with the chamber of commerce, follow trainings
Would it have been different for you with a business education?	Maybe, with basics in marketing, finance, administration although, money is not my first goal	A little, with accounting

The first point that both of the entrepreneurs interviewed show is that they were aware of the challenge that starting a business represents. They did it anyway but they knew that it was not riskless and a long and difficult adventure. As a proof, the entrepreneur of the first interview waited to have an early retirement status and for her children to be older to take the risk. Also, both of the entrepreneurs interviewed have had a job before starting their own business. They had experience when they started. As stated in the paragraphs 2.1.2 and 2.1.3, experience is very important when starting a business, it helps to face the problems and manage the business.

The interviewees gave different reasons for their motivations to start their own business. For the first one, it was to have more autonomy, to avoid unemployment and to make a business from a passion. For the second interviewee, the reasons were to have more time for the children and manage her time by herself. These reasons are corresponding with the ones found in the theoretical part, in paragraph 2.1.4 dealing with entrepreneur's motivations, *inability to find traditional employment, be my own boss, make a living from my passion and conciliate professional and personal life*. According to the two interviews, the creation steps are mainly about administrative procedures to register the business to different offices and departments. Then, among other steps, in most of the cases, the entrepreneur needs to find a place, a name, a strategy. Also, the business needs a marketing campaign to start its customer base.

Asking the entrepreneurs about their business success, they choose criteria among the table created from the paragraph 2.2.2. Although, the second entrepreneur interviewed pointed out another way to measure success. In fact, it is possible to measure the success of a business comparing it with the success of other businesses. The comparison is mainly about profits, results, customers ...

When asking the entrepreneurs if anyone could be an entrepreneur, they answer that one needs some characteristics to start and run a business. It joins the conclusions found in paragraph 2.1.2, not anyone can be an entrepreneur. The characteristics quoted are *a technical competence, a human base, not to be afraid of working, available, a business mind, dare, good ideas*. Most of them were found in the literature used in the theoretical part, paragraph 2.1.3.

The entrepreneurs interviewed think that their business creation would have been different with a business education, mostly the basics, marketing, finance, accounting, administration... Their advices for someone starting a business with no business education would be to contact the chamber of commerce and take part in the trainings they offer. The second advice is to find a person to help, a guide in the process of business creation.

To conclude, the major part of the answers given through the interviews are in accordance with the findings of the theoretical part. We can thus consider that these findings are reflecting the reality.

## 5 CONCLUSION

The goal of the research was to understand who is the entrepreneur, what are his characteristics, and is there a special entrepreneurial personality. Also, the study was aimed to define success in a business and point out the criteria to measure this success. To give an answer to these goals, I started doing researches in literature.

The definition of the entrepreneur depends on the person who writes it. Many researchers have different opinions on it, there is no precise definition, and this is the one that, in my opinion, the entrepreneur is a physical person who takes the risk to gather capitals and people to create a company and has, as purpose, to reach a certain number of economic goals. An important point of the debate about entrepreneur is to determinate if there is an entrepreneurial personality or not. Many of the researchers agree on the conclusion that there is such a personality but others maintain that there is no such thing. To support their opinion, the defendants of the first hypothesis quote the different characteristics of the entrepreneurial personality. Among them, the entrepreneur is said to have a *strong desire to work hard*, a *strong self-efficacy*, a *desire to learn new and different things* and to be a *visionary*, a *risk-taker* and a *coach*.

The entrepreneurs can start their businesses for different reasons, for example, capitalize on an idea or an innovation, inability to find a job or living from a passion. Although, the reasons to start a business depend on the entrepreneur, his personal life, his personality... In the case studied, the entrepreneurs have never received any business education. This means that they have never followed trainings or courses about business fields such as accounting, finance, marketing, management, entrepreneurship...

Success is also a concept depending on the person who judges or researches it. Although, it is possible to give a standard definition. *Success is the*

*achievement of an action within a specified period of time or within a specified parameter. Success can also mean completing an objective or reaching goal.* Success in business can be associated with growth, the growth of the business. Both of them can be associated with profitability. As the first idea coming to mind when talking about success is the profit that the firm in question makes.

In order to measure success, I did some researches to gather the different criteria on with which it is possible to measure success. The criteria are, *profitability, employee satisfaction, customer satisfaction, owner satisfaction, growing customer base, evolution of the number of employees, growing market share, growth of the firm in general and employee evolution.* These criteria are, once more, depending on the person measuring and also on the company, its size, its activity or its type.

To support the findings of the literature research, I chose to interview two entrepreneurs in activity. Both of their businesses are based in France, one has been created 26 years ago, the other one last year. Both of the entrepreneurs interviewed are women. The two businesses have activities very different one from the other. The first one is a decoration and sewing company and the second is a nurse private practice. Both of the entrepreneurs were working before starting their business, they started them with different motivations.

It was found in the theoretical part that the entrepreneur is someone “different”. For having met these two entrepreneurs I can say that they are different from other people. They have their own ideas and stand up for them, they are not afraid to work a lot, they have a leader way of thinking. Although, neither of them is interested in increasing the profits of their businesses at any price. They are first focused on the customer satisfaction.

The interviewees explained that the process of creation of their business is mainly about administrative formalities which can be long and complicated.

They both think that not anybody can be an entrepreneur. They gave some advices for people who would like to start their own business, they should contact the local chamber of commerce and follow the trainings they offer and find a person to help them, a guide in the process of business creation. They both think that it would have been different for them if they would have had some basics in business such as marketing, accounting, management, finance. In a general way, the answers given by the entrepreneurs are in agreement with the findings of the theoretical part of the study. In conclusion, the findings of part 2 can be considered as true in reality.

In my opinion, not anybody can be an entrepreneur. There are characteristics to have such as, not being afraid of working alone and facing big challenges with not many help as it is sometimes hard to find. Also, people have to keep in mind that starting a business is a real challenge, many entrepreneurs fail in the beginning of the process, it is an everyday battle. I would like to point out that in news, in lessons, in articles, the entrepreneurs studied and given as examples are the ones that are now the head of a big company, the ones who earn millions every year. But, it would be fair to talk about the entrepreneurs leading SMEs as they count for 98% of the economy of the EU of 27 countries.

The research can be disputed on the base that both of the entrepreneurs interviewed are from France, maybe in other countries, the process of business creation is different, the means are different and the chamber of commerce are not everywhere. Also, the literature used for the theoretical framework was in English, although a few documents were in French, translated by myself. This fact can limit the information to only one culture or one way of life. Maybe researchers from other cultures have a different point of view on the subject.

This subject has pointed new questions that can be used for further researches. A researcher ask the question if an entrepreneur has the ability to manage the company and the team once the business gets bigger and hire more and more

employees. Does an entrepreneur have management skills? If not, when to hire someone to manage, or when to sell the company. One of the particularities of entrepreneurship is that it cannot be taught, then what is taught in entrepreneurship courses and books, what should be taught to help someone to start his own business.

## SOURCE MATERIAL

### Articles and books

Burkett, Scott (2006) Etymology : Entrepreneur. [www.scottburkett.com](http://www.scottburkett.com) referred to 02/04/2011

Carsrud, Alan L. – Brännback, Malin E. (2007) Entrepreneurship. Greenwood Press.

Carsrud, Alan L. – Brännback, Malin (2009) Understanding the Entrepreneurial Mind. Opening the black box. Springer.

Casson, Mark (2003) The Entrepreneur : An Economic Theory. Second edition. Edward Elgar Publishing.

Davidson, Per – Steffens, Paul – Fitzsimmons, Jason (2009) Growing profitable or growing from profits: Putting the horse in front of the cart? *Journal of Business Venturing*, Vol.24, No.4, 388-406.

Goossen, Richard J. (2007) Entrepreneurial excellence: Profit from the best ideas of the experts. Career Press.

Hall, Craig (2001) Responsible Entrepreneur : How to Make Money and Make a Difference. Career Press.

Kwaak, Ton (2010) SME Performance Review 2009. SBA Fact Sheet Finland '09. SBA Fact Sheet France '09. Zoetermeer.

Mintzberg, Henry (2004) Managers Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development. Berrett-Koehler Publishers.

Pal Singh, Narinder – Alam, Shah (2011) Having the right mentor is crucial for success in business. *Star* (Malaysia) 30/03/2011

Pongsiri, Nutavoot (2011) Defining success. *The Nation* 11/02/2011

Saunders, Mark – Lewis, Philip – Thornhill, Adrian (2009) Research methods for business students. *Fifth edition*, Prentice Hall.



Schrör, Hartmut (2006) Profile of the successful entrepreneur (Profil de l'entrepreneur qui réussit). Eurostat.

Shane, Scott A. (2003) A general theory of entrepreneurship: the Individual-Opportunity nexus.

The Gallup Organization (2009) Entrepreneurship in the EU and beyond. Flash Eurobarometer 283.

Torres, Nichole (2006) Get Schooled. *Entrepreneur Magazine*. [www.entrepreneur.com](http://www.entrepreneur.com)

Wadhwa, Vivek – Aggarwal, Raj – Holly, Krisztina – Salkever, Alex (2009) The anatomy of an entrepreneur: Family background and motivation. Ewing Marion Kauffman Foundation. Missouri, USA.

### **Internet sources**

[www.businessdictionary.com](http://www.businessdictionary.com) referred to 20/04/2011

[www.forbes.com](http://www.forbes.com) referred to 13/03/2011

[www.merriam-webster.com](http://www.merriam-webster.com) referred to 16/03/2011

[www.oxforddictionaries.com](http://www.oxforddictionaries.com) referred to 20/04/2011

[www.quickmba.com](http://www.quickmba.com) referred to 16/03/2011

[www.surepayroll.com](http://www.surepayroll.com) referred to 05/04/2011

## **APPENDICES**

### **Appendix 1: The interview in English**

Interview “Entrepreneurs with no business degree building companies: how do they succeed?”

Please answer the questions as precisely as possible.

For information: an entrepreneur is a physical person who takes the risk to gather capitals and people to create a company and has, as purpose, to reach a certain number of economic goals.

- Present your company (creation date, number of employees, activity, history ...)
- What were you doing before starting your own business? (student, previous job, ...)
- Why did you decide to start it?
- What were the steps of the creation?
- Did you have major problems during the process? What were they?
- In general, would you say that your business is successful?
- In the following table, tick the criteria on which you think your business is successful

Profitability
Employee satisfaction
Customer satisfaction
Owner satisfaction
Growing customer base
Number of employees
Growing market share
Growth of the firm in general
Employee evolution

- Explain why?
- What measurement system do you use to measure your company's success?
- Do you think that anybody can be an entrepreneur or is there a special personality trait to have? What are they?
- What would be your advices for someone without business degree starting his own business?
- Do you think it would have been different for you with a business degree?
- Do you allow me to publish in that research work your name, the name of your company, its activity, the number of its employees and the result of this inquiry?
- Thank you

## Appendix 2: The interview in French

### Interview “Entrepreneur sans formation dans le domaine du commerce créant leur entreprise: comment réussissent-ils?”

Merci de répondre aux questions avec autant de précision que possible.

Pour information : L'entrepreneur est une personne physique qui prend le risque de réunir des capitaux et des hommes pour créer une entreprise, et qui a pour but de réaliser un certain nombre d'objectifs économiques.

- Présentez votre entreprise (date de création, nombre d'employés, activité(s), historique...)
- Que faisiez-vous avant de créer votre propre entreprise? (étudiant, employé, chômage ...)
- Pourquoi avez-vous décidé de vous lancer ?
- Quelles ont été les étapes de la création ?
- Avez-vous eu des problèmes majeurs lors de la création ? Si oui, lesquels ?
- De manière générale, diriez-vous que votre entreprise a réussi ?
- Dans le tableau suivant, cochez les critères parmi lesquels vous considérez votre entreprise comme ayant réussi.

Rentabilité	
Satisfaction des employés	
Satisfaction des clients	
Satisfaction du propriétaire	
Base de données clients en croissance	
Nombre d'employés	
Croissance des parts de marché	
Croissance de l'entreprise en général	
Evolution des employés	

- Expliquez pourquoi ?
- Quel(s) systèmes de mesure utilisez-vous pour évaluer le succès de votre entreprise ?
- Pensez-vous que n'importe qui peut être un entrepreneur ou existe-t-il des traits de caractère particuliers ? Quels seraient-ils ?
- Quels seraient vos conseils à quelqu'un sans formation en commerce créant sa propre entreprise ?
- Pensez-vous que la création de votre entreprise ou votre manière de la gérer auraient été différentes si vous aviez eu une formation dans le domaine du commerce?
- M'autorisez-vous à publier dans ce travail de recherche votre nom, le nom de votre entreprise, son domaine d'activité, le nombre de personnes employées ainsi que les résultats de cette enquête ?
- Merci